

February 5, 2002

Mr. Karl Rove  
Senior Adviser  
The White House  
Washington, D.C. 20502

Dear Mr. Rove:

I write to you regarding your role and knowledge concerning allegations the Bush campaign arranged for Ralph Reed to obtain a consulting contract from Enron. As I am sure you are aware, the media has reported that you arranged for Mr. Reed to receive a \$10,000 - \$20,000 per month consultant contract in order to mitigate the need to bring Mr. Reed on the campaign payroll more directly, while preventing him from signing on to the campaign of any other Republican presidential candidate during the 2000 election cycle.

If Enron did indeed pay funds to Mr. Reed on behalf of the Bush campaign it may well violate the Federal Election Campaign Act which prevents corporations from donating funds to a campaign. *See* 2 U.S.C. 441b. Given the continuing controversy, I believe the public is entitled to more than a self serving statement by the White House Press Secretary on this serious matter. Only you have the ability to clear this matter up and assure the public regarding the allegations.

As you know, the January 25 *New York Times*, in an article written by Richard L. Berke, reported that your associates assert your recommendation of Mr. Reed to Enron "was intended to keep Mr. Reed's allegiance to the Bush campaign without putting him on the Bush payroll." According to the article, a friend of yours specifically recalled a discussion in July 1997 in which you took credit for arranging the Enron job, with the friend stating "Karl told me explicitly of his concerns to take care of Ralph .... It was important for Karl's power position to be the guy who put this together for Ralph. And Bush wanted Ralph available to him during the presidential campaign." The article quotes another Republican as saying, "'It was basically accepted that Enron took care of Ralph. It's a smart way to cut campaign costs and tie people up' so they do not work for other candidates."

Mr. Karl Rove  
Page 2  
February 5, 2002

I am aware that since the arrangement was first revealed, the White House press operation has sought to distance you from the consulting arrangement. However, given that the principal purpose of the contract appears to have been to garner grass roots support for electricity deregulation in Pennsylvania, an area which would seem to be outside of Mr. Reed's usual field of expertise, many remain skeptical of the arrangement. A January 31 *Wall St. Journal* piece by Albert Hunt states "Pennsylvania politicians find it curious that Mr. Reed would be enlisted in a state where he had little experience." Mr. Reed claims he was seeking support for then Gov. Ridge's deregulation plan, but when informed that that plan passed in 1996, before Reed was hired, he claimed his job was to "drum up" regulations implementing the law. But, one has to question even his regulatory involvement, with one PUC member stating "I was totally unaware that Ralph Reed was involved in this issue."

Moreover, the fact that the contract reportedly discouraged Mr. Reed from backing any Republican candidate other than Mr. Bush also seems to be a red flag regarding its political nature. My concerns are only further fueled by a January 29 *Los Angeles Times* column by Richard Scheer which shows that immediately after Mr. Reed was retained by Enron, Enron CEO sought assistance from then Governor Bush: "A month after Reed came on board, as Enron's erstwhile chief executive, Kenneth Lay, tells it, 'I called George W. to kind of tell him what was going on, and I said that it would be very helpful to Enron, which is obviously a huge company in the state of Texas, if he could just call the governor [of Pennsylvania] and tell him [Enron] is a serious company, this is a professional company, a good company.'" Given the specific recollections reported by so many other parties with knowledge of the Enron arrangement, it is also difficult to accept statements of your own lack of recollection on the matter.

Because of the conflicting reports concerning Mr. Reed's contract with Enron and its origins, I would request that you forward the following to my House Judiciary Committee staff, located at 2142 Rayburn House Office Building:

1. An itemization of all Enron personnel and representatives you contacted regarding Mr. Reed's consulting agreement, whether orally or in writing, along with the dates and a description of the substance of each such contact.
2. An itemization of all contacts between you and Mr. Reed concerning his consulting agreement with Enron, whether orally or in writing, along with the dates and a description of each such contact.
3. An itemization of all contacts between yourself and other members of the White House staff concerning this matter, whether orally or in writing, along with the dates and description of each such contact.

Mr. Karl Rove  
Page 3  
February 5, 2002

I am hopeful that you are as interested as I am in providing a prompt and full accounting of this matter. As a result, I look forward to hearing from you by the end of this week so that we can discuss an appropriate deadline and means for your disseminating this information. If you have any questions regarding this letter, please contact my staff at (202) 225-6504.

Sincerely,

John Conyers, Jr.  
Ranking Member

cc: The Honorable F. James Sensenbrenner, Jr.  
Chairman, Committee on the Judiciary

Alberto R. Gonzales, Esq.  
Counsel to the President